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For decision

United Nations Children's Fund
Executive Board
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Agenda item 8

Draft decision submitted to the Executive Board

Internal Audit and Investigations

The Executive Board

1. *Takes note* of the UNICEF Office of Internal Audit and Investigations 2016 annual report to the Executive Board (E/ICEF/2017/AB/L.2) and, in particular, the overall opinion on the adequacy of the organization's framework of governance, risk management and control, and asks the Office to provide further supporting analysis for such opinions in future annual reports;

2. *Welcomes* the reflection the Office has been giving to its strategic direction and its intention to enhance its focus on key risks and issues, including fraud-risk management;

3. *Looks forward* to the implementation of the actions described in the management response and requests an update on the implementation of the recommendations at the annual session of the UNICEF Executive Board in 2018;

4. *Takes note* of the recommendations made to management by the Audit Advisory Committee, urges the Executive Director to ensure that UNICEF managers have a clear understanding of the Committee's role and appreciates management's commitment to consider all recommendations made by the Committee;

5. *Expresses concern* about areas of risk consistently identified in the audit reports, namely, results-based management, governance and accountability and supply and logistics, and urges management to prioritize the implementation of actions that address these recurring identified risks;

6. *Welcomes* the steady decline of actions outstanding for more than 18 months;

7. *Also welcomes* the intention of UNICEF to finalize and implement an enhanced anti-fraud strategy as part of its response to the recommendations of the report of the Joint Inspection Unit of the United Nations system on fraud prevention, detection and response, and requests that UNICEF report to the Executive Board on its implementation;

8. *Notes with appreciation* the implementation rate of the audit recommendations of 99.6 per cent as of December 2016;

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9. *Notes with concern* the low level of defrauded funds reported as recovered and urges management to do all it can to ensure the timely recovery of any potential loss in investigated cases, and to strengthen the control of third parties;

10. *Requests* management to provide regular updates on the recovery of assets, including recovery trends, to the Executive Board at its annual session;

11. *Also requests* UNICEF to take firm action to reduce the number of internal audits with non-satisfactory ratings;

12. *Welcomes* the use by UNICEF of the Harmonized Approach to Cash Transfers Framework and encourages its use in all relevant contexts;

13. *Requests* UNICEF to provide information on investigations performed by the Office of Internal Audit and Investigations as well as information on actions taken as a result of such investigations, in the annual report of the Office, in line with relevant and existing disclosure policies and guidelines of UNICEF;

14. *Also requests* UNICEF to continue to allocate sufficient resources for the Office of Internal Audit and Investigations to ensure a satisfactory number of internal audits and investigations each year and requests that a separate budget item for the Office be included in future budgets.